

(5) Jet skis and vessels without mechanical propulsion are prohibited from the parade route.

(6) Northbound vessels of length in excess of 80 feet and without mooring arrangements made prior to February 1, 1997 are prohibited from entering Seddon Channel, unless the vessel is officially entered in the Gasparilla Marine Parade. All northbound vessels, not officially entered in the Gasparilla Marine Parade, in excess of 80 feet without prior mooring arrangements must use the alternate route through Sparkman Channel.

(c) *Effective Date.* This regulation becomes effective at 9 a.m. EST and terminates at 2:30 p.m. EST on February 1, 1997.

Dated: January 2, 1997.

**R.C. Olsen, Jr.,**

*Captain U.S. Coast Guard, Acting Commander, Seventh Coast Guard District.*

[FR Doc. 97-1797 Filed 1-23-97; 8:45 am]

BILLING CODE 4910-14-M

### 33 CFR Parts 154 and 156

[CGD 93-056]

RIN 2115-AE59

#### Facilities Transferring Oil or Hazardous Materials in Bulk

**AGENCY:** Coast Guard, DOT.

**ACTION:** Correction to final rule.

**SUMMARY:** On August 8, 1996, the Coast Guard published a final rule revising the regulations covering facilities transferring oil or hazardous materials in bulk. Following issuance of the final rule, the Coast Guard received comments expressing confusion over the definition of "marine transfer area" in the final rule. Because the intent was to update and clarify the current regulations, and the public has concerns about the clarity of this definition, the Coast Guard is correcting the definition of "marine transfer area".

**DATES:** This regulation becomes effective on February 5, 1997.

**FOR FURTHER INFORMATION CONTACT:** Lieutenant Commander John W. Farthing, Office of Compliance, (202) 267-0505.

#### SUPPLEMENTARY INFORMATION:

Accordingly, page 41458 of the final rule published on August 8, 1996 (61 FR 41452), first column, in the text of § 154.105, in the definition of "Marine transfer area" line 8, the words "around the bulk storage tank" are deleted and at line 9, the words "or 49 CFR 195.264" are added immediately following the words "40 CFR 112.7" and immediately before the word "inland".

Dated: January 15, 1997.

**J.C. Card,**

*Rear Admiral, U.S. Coast Guard, Assistant Commandant for Marine Safety and Environmental Protection.*

[FR Doc. 97-1750 Filed 1-23-97; 8:45 am]

BILLING CODE 4910-14-M

### DEPARTMENT OF VETERANS AFFAIRS

#### 38 CFR Part 36

RIN 2900-AH90

#### Loan Guaranty: Limitation on Discount Points Financed in Connection With Interest Rate Reduction Refinancing Loans

**AGENCY:** Veterans Benefits Administration, Department of Veterans Affairs.

**ACTION:** Final rule.

**SUMMARY:** This document adopts as a final rule, without change, an interim final rule that amends VA's loan guaranty regulations concerning points allowed to be included in Interest Rate Reduction Refinancing Loans. This rule limits to two the amount of discount points that may be included in the loan. This rule is necessary to help ensure that veterans are not overcharged with excessive points and to protect the Government against the danger of overinflated loans.

**EFFECTIVE DATE:** January 24, 1997.

**FOR FURTHER INFORMATION CONTACT:** Ms. Judith Caden, Assistant Director for Loan Policy (264), Loan Guaranty Service, Veterans Benefits Administration, Department of Veterans Affairs, 810 Vermont Avenue, Washington, DC 20420, (202) 273-7368.

**SUPPLEMENTARY INFORMATION:** On February 28, 1996, VA published in the **Federal Register** (61 FR 7414) an interim final rule with request for comments. The rule amended VA's loan guaranty regulations by limiting to two the amount of points that may be included in VA-guaranteed Interest Rate Reduction Refinancing Loans (IRRRLs). We requested that comments on the interim final rule be submitted on or before April 29, 1996. We received 5 comments: from lenders, lender employees, and associations representing both veterans and lenders.

The first commenter, a lender trade organization, observed that while VA had appropriately responded to an abusive practice, the establishment of a point ceiling still introduced an artificial limitation in the marketplace. This commenter asserted that lenders

must be able to react quickly to swings in mortgage interest rates. The commenter further asserted that one mechanism used to accomplish this is the use of points, especially in a scenario where interest rates are changing rapidly. The commenter suggested that VA establish a mechanism to increase the two-point ceiling in times of significant changes in the mortgage marketplace.

The second commenter, also a lender trade organization, noted that the rule would prohibit certain transactions that are beneficial to veterans, i.e., the practice of permitting a veteran to "buy down" the interest rate. The commenter further asserted that often the number of points charged in these cases is more than two and that allowing the veteran to take advantage of this option affords the veteran the fullest flexibility in the trade-off between interest rate and points. The commenter suggested that instead of limiting the number of points that can be financed, VA adopt an approach that limits the loan-to-value ratio (LTV) of the loan, noting that lenders routinely determine and consider LTVs as part of the underwriting process. The commenter suggested VA combine an LTV limit with a prohibition on increasing the monthly payment, and thereby limit the Government's risk in a less restrictive fashion.

The third commenter also thought that the rule was too restrictive, and suggested that VA allow lenders who set points in a responsible and competitive manner be allowed to continue to finance more than two points. The commenter asserted that VA should stop doing business with lenders found to be charging excessive discount points. This commenter also argued that lenders and borrowers need the availability of several pricing options, and that otherwise, when rates begin rising, lenders could be forced to charge a rate that was unacceptably high to the veteran and higher than it needed to be.

The fourth commenter, a lender employee, argued that a case could be made for a limit of one point financed in the loan. The fifth comment was from an organization representing veterans. The commenter asserted that many veterans needing to refinance their mortgages lack the cash that would be needed to pay excess points, and, therefore, by limiting their ability to finance points, we are effectively forcing them to take a higher rate than they would otherwise be able to obtain if they were permitted to finance a greater amount of points.

The suggestion that VA base its decision on how many points may be